

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Promoting Efficient Use of Spectrum Through)	WT Docket No. 00-230
Elimination of Barriers to the Development of)	
Secondary Markets)	

REPLY COMMENTS OF TELECORP PCS, INC.

TeleCorp PCS, Inc., its subsidiaries and affiliates (collectively, “TeleCorp”), by their attorneys, submit their reply comments in support of the above-captioned rulemaking proceeding.¹ As the comments in this docket illustrate, there is overwhelming general support for the development of a secondary market in spectrum; indeed, every commenter who addressed spectrum leasing supported its implementation in some form. As a participant in the vastly competitive mobile services marketplace, TeleCorp supports implementation of regulatory reforms that provide licensees with needed flexibility to meet market demands, and, accordingly, supports the implementation of spectrum leasing rules. Spectrum leases can, and should, be part of a carrier’s potential menu of offerings to the public. TeleCorp further agrees with commenters that designated entity licensees should be free to enter into

¹ Promoting Efficient Use of Spectrum Through Elimination of Barriers to the Development of Secondary Markets, WT Docket No. 00-230 (rel. Nov. 27, 2000) (“*Notice*”).

lease agreements with non-designated entities.² Only by permitting the free alienation of spectrum, without imposing unnecessary restrictions, will the Commission succeed in its goal of establishing a robust secondary market in spectrum.

TeleCorp is a PCS carrier operating in a number of rural and secondary metropolitan areas in the midwest and southern parts of the United States. TeleCorp's genesis was the Commission's F Block designated entity auction, wherein TeleCorp procured certain strategic licenses that allowed it to strike a branding affiliation deal with AT&T Wireless Services to operate in a variety of markets stretching from New Orleans, Louisiana to the outskirts of St. Louis, Missouri. From its humble beginnings in 1998, TeleCorp has now grown substantially, following a successful initial public offering in 1999, the acquisition of Tritel PCS, Inc. in 2000, and the expansion of its AT&T-branded franchise into certain markets in Iowa, Wisconsin and Michigan.

As an operating carrier, TeleCorp has significant experience with the Commission's partitioning and disaggregation rules. In order to build the depth and quality of the digital services it provides to the public, TeleCorp has acquired additional spectrum resources from other carriers, including 10 and 20 MHz carve-outs and county-by-county disaggregations. While these mechanisms may be somewhat unwieldy, they permit carriers to rationalize their spectrum holdings and provide for certain classes of niche services. They are generally ill-suited, however, to address other types of marketing opportunities. In other words, the procedures are simply too complex to address cases where a carrier

² See, e.g., Comments of Cook Inlet Region, Inc. at 7-9 ("Cook Inlet Comments"); Comments of Winstar Communications Inc. at 14 ("Winstar Comments"); Comments of Alaska Native Wireless at 9-12; Comments of AT&T Wireless, Inc. at 8-9; Comments of Cingular Wireless at 8.

may have an opportunity to provide spectrum for a campus area system implemented by a university or a radio system for an industrial plant. Accordingly, TeleCorp believes that spectrum leases can increase the types of marketing opportunities for carriers, and supports the implementation of simple spectrum leasing regulations.

In order for the benefits of spectrum leasing to be fully realized, the Commission should ensure that flexible lease opportunities are available to *all* wireless radio service licensees—including licensees who obtained their spectrum as designated entities. Of particular relevance to TeleCorp, the Commission should not prohibit designated entities from leasing spectrum to non-designated entities. If the Commission imposes restrictions upon entrepreneurs' ability to lease spectrum, it will introduce undue market distortions that disadvantage entrepreneurs *vis-à-vis* larger players—"accomplishing" precisely the opposite of what the Commission intended through its designated entity policies. As Cook Inlet Region, Inc. explained:

Allowing entrepreneurs to lease some or all of their spectrum to any third party would promote economic opportunity, competition, and rapid technology deployment while providing entrepreneurs another source of revenue to finance their own operations. Because it would place them on a level playing field with other auction winners, entrepreneurs would be better able to retain ultimate control over their licenses and determine the services to be provided over their spectrum; thus, the goal of wide dissemination of scarce spectrum among a variety of licensees would be served. Allowing unrestricted leasing would serve to help level the competitive playing field between entrepreneurs and their larger competitors and encourage the continued success of small businesses as wireless spectrum licensees.³

³ Cook Inlet Comments at 9. *See also* Winstar Comments at 14 (Stating that, "[t]o the extent that the FCC is attempting to encourage entrepreneurs, small businesses, or minorities to become licensees of spectrum, the FCC's rules already accomplish that. The FCC should permit these licensees to exploit the full value of their licenses, including leasing their spectrum without eligibility restrictions attached.").

TeleCorp should not be precluded from offering the same service options that larger carriers may offer, such as spectrum leasing, by virtue of its status as a designated entity.

In conclusion, TeleCorp joins the commenters in their overwhelming support for implementation of spectrum leasing; additionally, TeleCorp advocates adoption of a rational approach to spectrum leasing that does not introduce market distortions and unfairly disadvantage smaller, designated-entity players. TeleCorp and other designated entities should enjoy the same leasing flexibility as larger wireless licensees; imposing a restriction that limits potential lessees to entrepreneurs would reduce a designated entity's ability to compete with larger carriers, paradoxically undermining the very policy that "designated entity" rules are designed to promote.

Respectfully submitted,

TELECORP PCS, INC.
and its Affiliates and Subsidiaries

By: /s/ Thomas H. Sullivan
Thomas H. Sullivan
Executive Vice-President
TeleCorp PCS, Inc.
1010 N. Glebe Road, Suite 800
Arlington, Virginia 22201
(703) 236-1100

Dated: March 9, 2001